

Message Text

CONFIDENTIAL

PAGE 01 BERN 04834 291558Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07
CEA-01 /091 W
-----028082 301118Z /13
R 280820Z SEP 78
FM AMEMBASSY BERN
TO SECSTATE WASHDC 6977

C O N F I D E N T I A L BERN 4834

EO 11652: GDS
TAGS: EFIN, SZ
SUBJ: MAJOR SWISS BANK ON EUROMARKET & BANK'S
INTL LENDING PHILOSOPHY

1. SUMMARY: UNION BANK OF SWITZELAND LEVEL OF SF
INTER-BANK ACTIVITIES AT 17-18 BILLION, NONE WITH
US REGIONALS OR UNION-CONTROLLED BANKS, BANK IS
SUSPICIOUS OF CONSORTIUM BANKS. UBS RELUCTANT TO
COMPLY WITH RECENT REQUESTS FROM SOME US
CORRESPONDENTS FOR INCREASES IN COMPENSATING
BALANCES. BANK DOES NOT PARTICIPATE IN EASTERN
EUROPEAN LOAN SYNDICATIONS. GENERALLY CONFORTABLE
WITH FUNCTIONING OF THE EUROMARKET. END SUMMARY

2. UNION BANK OF SWITZERLAND SENIOR VP FOR INTL
OPERATIONS, OTHER SENIOR INTL OFFICERS AND BANK'S
CHIEF LEGAL COUNSEL IN EXTENSIVE DISCUSSION TOLD
FINATT AND POL/ECOUNS THAT UBS (WITH BALANCE SHEET OF OVER SF
56 BILLION) HAS SF 17-18 BILLION NOW IN THE EURO-
INTER-BANK MARKET, DISTRIBUTED AMONG WHAT IT SAID WAS
A RELATIVELY FEW BANK INSTITUTIONS. WHILE MAJOR
US MONEY CENTER BANKS ARE RECIPIENT CLIENTS IN
UBS INTER-BANK ACTIVITIES, THE BANK DOES NOT
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BERN 04834 291558Z

GIVE BUSINESS, EXCEPT FOR CORRESPONDENT SERVICES,
TU US REGIONAL BANKS. OFFICERS SAID THERE WAS SOME
INTERNAL CHAFFING AT RECENT REQUESTS FROM SMALLER
US CORRESPONDENTS' FOR MAJOR INCREASES IN UBS
COMPENSATING BALANCES WITH THEM.

3. UBS IS BOTH SUSPICIOUS AND CRITICAL OF INTL

CONSORTIUM BANKS, QUESTIONS THE TRUE COMMITMENT OF THE PARTICIPATING INSTITUTIONS TO THIS CONCEPT OF BANKING AND IS SKEPTICAL OF PROSPECTS THAT THESE INSTITUTIONS WOULD IN UNISON STAND BEHIND THE CONSORTIUM ARRANGEMENT IN DIFFICULTIES.

4. UBS DOES NOT GENERALLY ENGAGE IN INTER-BANK BUSINESS WITH BANKS THAT ARE CONTROLLED BY UNIONS OR WHOSE BOARDS OF DIRECTORS ARE PREDOMINANTLY FROM ONE TYPE OR EVEN RELATED BUSINESSES. WHILE BANK MAINTAINS FIXED INTERNAL CREDIT LIMITS FOR ALL MATURITY RANGES IN INTER-BANK LENDING, ITS PRINCIPAL INSTRUMENTS OF CONTROL ARE ROUTINE, IN-DEPTH DISCUSSIONS WITH SENIOR STAFF OF ALL BANKS TO WHICH IT LENDS. ITS CORPS OF BANK ANALYSTS FEELS THAT THEY ARE ABLE SATISFACTORILY TO TRACK THE ULTIMATE NON-BANKING BORROWER OF THE UBS FUNDS. THE BANK CLOSELY MONITORS THE TREND IN LENDING TO OFFICIAL BORROWERS BY BANKS WITH WHICH IT IS ENGAGED. UBS REFUSES TO PARTICIPATE IN ANY SYNDICATED LOANS TO EASTERN EUROPEAN COUNTRIES. UBS OFFICERS THINK THE OPERATION OF THE EURO CURRENCY MARKET IS SATISFABLY MONITORED BY THE BANKS THEMSELVES.

5. IN FRANK, AT TIMES AGGRESSIVE, YET FRIENDLY, DISCUSSION ON STATE OF US ECONOMY, BANK OFFICERS
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BERN 04834 291558Z

SAID THEY STRONGLY BULLISH ON US EQUITIES AS INVESTMENT FOR THEIR CLIENTS. WARNER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, BANKS, BANK LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 sep 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BERN04834
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780399-0987
Format: TEL
From: BERN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978098/aaaaagdq.tel
Line Count: 96
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7380e852-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 06 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1478435
Secure: OPEN
Status: NATIVE
Subject: MAJOR SWISS BANK ON EUROMARKET & BANK'S INTL LENDING PHILOSOPHY
TAGS: EFIN, SZ, UNION BANK OF SWITZERLAND
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/7380e852-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014